



1.0 INTRODUCTION

Under the Higher Education Amendments of 1998, Student Financial Assistance (SFA) was designated as a Performance Based Organization (PBO) with the goals to increase customer satisfaction, reduce costs, and increase employee satisfaction. As part of the effort to modernize this office in order to meet its three objectives, SFA is looking to improve the process of delivering student financial aid by:

- reengineering the current processes for delivering and reporting Title IV student financial aid from three separate processes into one common origination and disbursement process, and
- partnering with companies to help SFA reengineer this process and deliver financial aid to students going forward.

An analysis of current processes, in conjunction with concepts from prior initiatives (e.g. Project EASI), identified a need for a Common Origination and Disbursement (COD) process. The analysis determined that the steps required in delivering financial aid for Pell Grants, Direct Loans, and campus-based programs are similar enough to be handled by a single process. A common process and system to support origination and disbursement is critical if SFA hopes to achieve an enterprise-wide solution that will provide real-time data to students, schools, and financial partners via web portals.

Understanding this need, the Modernization Partner conceptual design team for the Common Origination and Disbursement process developed a transaction-based payment method for schools. The team designed a “baseline” process that would be available for all schools. They also identified some areas in the process that could be used as “performance-type” indicators, thereby providing additional options and flexibility to schools that demonstrate a strong history of meeting identified measurements.

The objective of this deliverable is to further decompose high level COD “To-Be” functional requirements presented in previous COD deliverables. Section 2.0 of this decomposition discusses the high-level conceptual design by defining and flowing the “Baseline” and “Performance-Based” processes. Section 3.0 examines the performance measures that may be used to determine whether a school is operating at or above a benchmark standard. The Financial Management section depicts the transaction-based payment method, elaborating on possible drawdown capabilities and the authorization of funds. The final piece in section 5.0 discusses the new requisite of submitting student-detail records in the campus-based programs. Appendix A of this deliverable has been extracted directly from CaseWise Corporate Modeler, the comprehensive business process modeling tool selected for the COD design. The Corporate Modeler is a fully integrated suite of business process modeling tools, add-ons, links and methods for modeling the enterprise. It is capable of encompassing formally diverse areas of analysis and techniques for modeling Data, Human Resources, Process, and Operations in one shared view.

The functional requirements found in this document will continue to evolve as the integrated team works towards implementation of COD.



2.0 HIGH-LEVEL CONCEPTUAL DESIGN

A conceptual design team for the Common Origination and Disbursement process, building on the conceptual design developed by COD Phase I in conjunction with school focus groups, developed a transaction-based payment method for schools. The team designed a “baseline” process that will be available for all schools. They also identified areas in the process to be used as “performance-type” indicators. Schools that meet some or all of these measures will have additional options and more flexibility in the COD process. These measures would provide schools that meet them additional options and flexibility in the origination and disbursement process.

“BASELINE” PROCESS

The “baseline” process allows schools to submit records early (i.e., at any time after SFA systems come up for the next award year). The benefit of early submissions is that edits will reveal errors prior to anticipated disbursement date. This is primarily so they can take advantage of the edits and spot problem records before the anticipated disbursement date. The process begins when a school submits a common record to SFA. This common record will include, but is not limited to, data elements such as social security number, payment period, anticipated disbursement date, and disbursement amount. The common record will be used for Pell Grant funds, Direct Loan funds, and Campus-Based funds. The records go through edit checks and acknowledgements are sent back to the schools, indicating records rejected and reject reasons. Schools will have the option of correcting those rejected records via the portal or submitting a new record. If the accepted records are submitted within four days of or anytime after the anticipated disbursement date, money is paid immediately to the school. However, if the records are submitted earlier than four days of anticipated disbursement date, the accepted records are held until the school takes further action. This action cannot take place before four days of anticipated disbursement date. Schools may take various confirmation actions to release funds. Four potential options have been identified, but more may be possible:

- The school “releases” existing records by sending in a file of social security numbers and disbursement dates,
- The school accesses accepted records via the Web and “selects” the records to be disbursed (and, if necessary, makes changes to amounts and dates);
- The school submits mass updates via the portal (e.g., all students with “8/25/00” anticipated disbursement date should be released for disbursement); or
- The school sends all new records within four days of or after the anticipated disbursement date.

After the school takes confirmation action, the record is run through the edit process. Funds for accepted records are paid immediately to the school, either by Fedwire or through draw down via the Financial Management System.

“PERFORMANCE-BASED” OPTIONS

Based on its performance in completing specific tasks directly related to reporting, disbursements, and drawdowns, a school would have different options for how and when it receives funds. One option would be the ability to receive payment without having to take confirmation action within four days of



anticipated disbursement date (i.e., the ability to send records at any time and receive authorization for funds at time of payment without active confirmation.) The second option would give schools the ability to access funds via drawdown prior to sending any records. These options will only be available for schools able to meet the “performance-type” measures that will be established. Sample performance measures are set forth in Section 3.0 of this deliverable. The goal is to have a payment method that allows additional flexibility for those schools that exceed regulatory requirements. Those schools will be able to use all options available to receive funds. Additionally, they may change their payment options at any time throughout the award year.

The business requirements related to the High Level Conceptual Design are listed below. These requirements address additional requirements in the area of performance based funding, as identified in the Task Order.

- School should have the ability to submit records.
- Schools should have the ability to submit records early.
- The common record submitted by the schools should include (at a minimum) social security number, payment period, anticipated disbursement date, and disbursement amount.
- The common record will be used for all SFA Title IV programs (i.e., Pell Grant funds, Direct Loan funds, and Campus-Based funds).
- Edit checks should be performed on all records that are submitted.
- Acknowledgements should be sent back to the schools following the edit check indicating records rejected and reason.
- Schools should be able to correct those rejected records via the portal or by submitting a new record.
- If the accepted records are submitted within four days of or anytime after the anticipated disbursement date, money should be paid immediately to the school.
- If the records are submitted earlier than four days of anticipated disbursement date, the accepted records are held until the school takes further action. The ability to take further action to release funds may include the following options:
 - Sending in a file of social security numbers and disbursement dates,
 - Accessing accepted records via the Web and “selecting” the records to be disbursed,
 - Submitting mass updates via the portal, or
 - Sending all new records within four days of or after the anticipated disbursement date.

Additional options may be identified.



- Funds for accepted records should be paid immediately to the school, either by ACH/Fedwire or through draw down via the Financial Management System.

Moving Forward:

The conceptual design team will meet to continue developing this process. Specifically, the next steps will be to further explore details of this design, such as number of days before disbursement a school must take confirmation action; and to review nomenclature, for example, whether we use the term “payment trigger”.

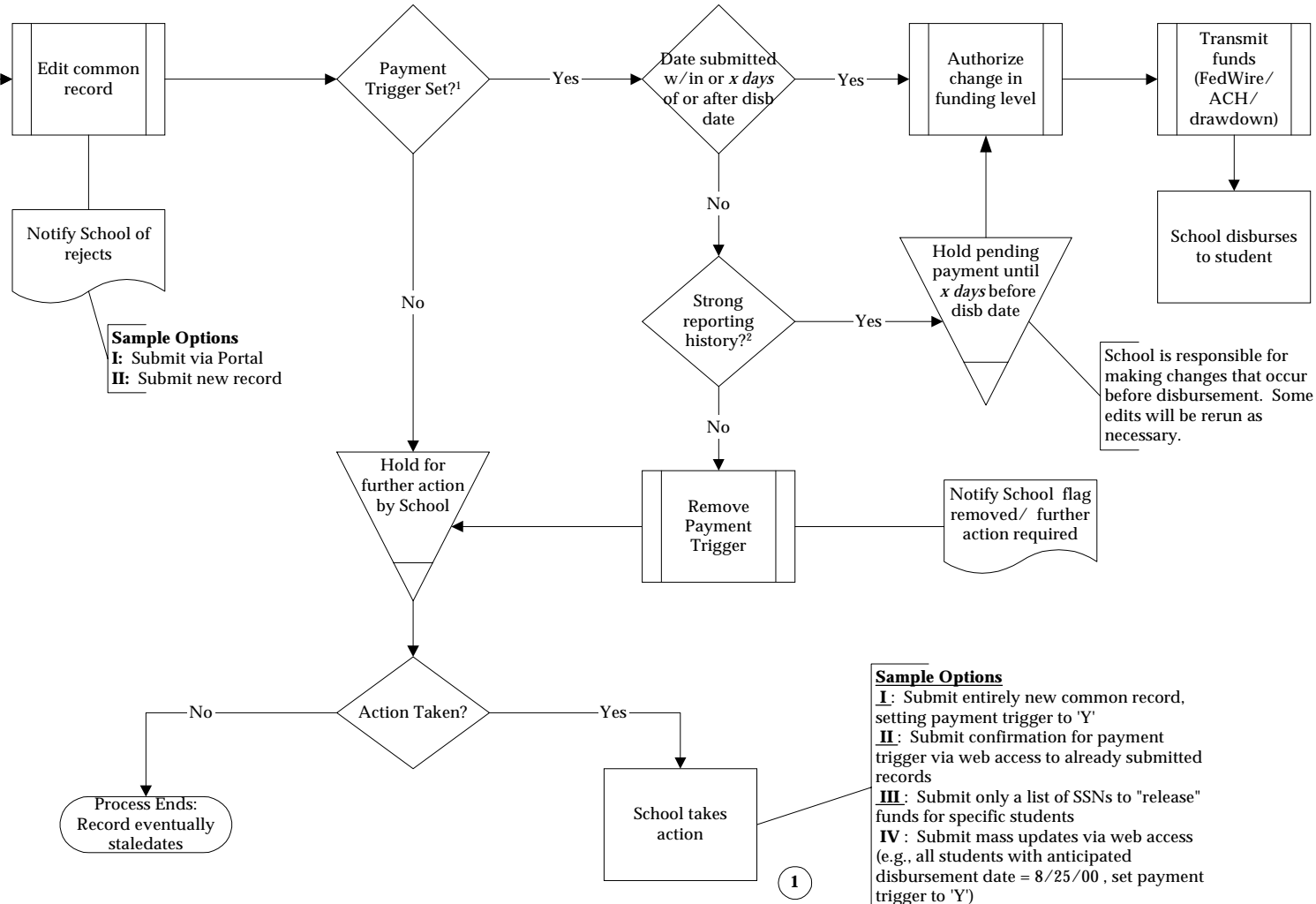
The following is a flowchart detailing the conceptual design.



CONCEPTUAL DESIGN FLOWCHART

Student Financial Assistance Modernization Partner Common Origination and Disbursement

- SSN
- Payment Period
- Anticipated Disb. Date
- Disbursement Amount
- Etc....



allows the school to indicate they want payment for this record at time of disbursement without additional action. This is available for all schools
 dow of their disbursement date. Outside this timeframe, it is only available for schools with strong reporting histories.

cific rules established for determining whether a school has a "strong history of reporting". Performance will be based on measurements such as how
 onstrated its ability to submit records and account for cash.



3.0 PERFORMANCE MEASURES FOR SCHOOLS

The conceptual design team mentioned in Section 2.0 has also established a list of potential performance measurements that will track whether a school is operating at or above a benchmark standard. The concept around the performance measures is that schools who exceed the regulatory requirements for reporting and accounting for funds should have more options on how they request and receive funds.

The following list details the measurements that have been proposed. These measurements deal with issues directly relating to reporting, reconciliation, audits, and edits failed.

The performance measures will identify those schools with a strong reporting history. Schools with this classification warrant some unique requirements. These business requirements related are as follows:

- Historical data on the school's reporting behavior should be maintained.
- Schools with a strong reporting history should have different options for how and when funds are received.
- Schools with a strong reporting history should have the ability to receive payment without having to take confirmation action.
- Schools with a strong reporting history should have the ability to access funds via draw down prior to sending any records.
- The ability to change payment options at any time throughout the award year should be available.

Moving Forward:

The conceptual design team will meet again to continue developing these performance measurements. Specifically, the next step will be to further discuss and get to a "short list" of measurements. Taking this short list, the team will link the measurements to the various options in the conceptual design. Finally, the team will determine the metrics to be used in conjunction with the measurements. This will include both formulas and benchmarks.

Additionally, the team will identify whether these measurements can be applied to the initial years of implementation or whether short-term measurements are needed. The end result will be a small number of performance goals with targets by which determinations will be made regarding whether schools can exercise the COD options.



POTENTIAL PERFORMANCE MEASURES FOR SCHOOLS

- Number of days to report (from receipt of funds)
- Number of days to close-out
- Percentage of funds adjusted at close-out
- Dollar amount of funds adjusted at close-out
- Number of days from occurrence of change in award to reporting of the change in award
- Ratio of average reported disbursement to amount drawdown
- Date to report FISAP information
- When SFA receives origination record or promissory note compared to the date SFA receives all completed
- Dollar amount of unbooked loans
- Percentage of unbooked loans
- Times per year reconciled monthly
- Percent error in reconciliation
- Accepted audit / program review findings (*Inconsistent reporting on student data*)



- Percentage of records submitted that fail at least one edit
- Percentage of booked loans that were adjusted due to school error
- Total percentage of drawdown funds accounted for by program
- Total dollar amount of drawdown funds accounted for by program



4.0 FINANCIAL MANAGEMENT

The goal of the transaction based payment method is to have a payment method that allows additional flexibility for those schools that exceed regulatory requirements. Based on its performance in completing specific tasks directly related to reporting, disbursements, and drawdowns, a school would have different options for how and when it receives funds. Schools with a strong history of reporting and accounting for cash will be able to drawdown funds prior to submitting records. These schools may also have the ability to send records at any time in the process and receive authorization for funds at the time of payment, without further confirmation. Note that these options may not go hand in hand, but some schools may be eligible for one option and not the other, while some may be eligible for both and other schools eligible for neither.

DRAWDOWN PRIOR TO SUBMITTING RECORDS [FM FLOWCHART 1]

As previously stated, schools with a strong history of reporting and accounting for cash will be able to drawdown funds prior to submitting records. In order to determine the amount of funding available for drawdown, SFA will extend credit limits to schools individually based on criteria, such as the amount of funding needed and the rate of record submission. Credit limits are determined by SFA at the beginning of each academic year and recalculated throughout the award year. The allotted funds are made available to schools via the Financial Management System (FMS).

Once funds are made available, the school attempts to drawdown the desired amount by directly accessing FMS. The system performs a review to confirm that, based on the established drawdown amount, the school still maintains an available balance. If the school has already met or exceeded its available balance, it is required to return to the standard payment method of submitting records prior to receiving funds. If the school has the appropriate balance available, the funds are transmitted to the school as requested. Schools are expected to submit records supporting the amount drawn within a specified period of time. Once SFA receives the records, the sum of those records is applied to the school's outstanding balance by first diminishing the liability on the most mature drawdowns. This allows SFA to maintain a running balance of funds that have not been accounted for with supporting records. During this time period, notifications are sent to schools advising them of the remaining timeframe in which records need to be submitted before drawdown capacity is frozen. If the time to submit records is not met, SFA will transmit to the school a call for the unaccounted cash.

By maintaining a balance of unaccounted funds, the transaction-based funding model allows SFA to regulate a school's drawdown capability. Schools that continually submit records in a timely manner will receive increases in their authorized drawdown level. If a school does not send in records to substantiate the funds they have drawn down, notifications will be sent at set intervals. As schools substantiate high percentages of funds, their credit limit may be recalculated.



AUTHORIZATION OF FUNDS AFTER SUBMITTING RECORDS [FM FLOWCHART 2]

Schools that submit records before receiving funds will have a similar tracking process. After records have been submitted and accepted, a review will be run to confirm that the amount of funds being requested has been substantiated with records. For those funds that have been substantiated, authorization for a change in funding level will be given. A school will have the option of receiving the funds via ACH/FedWire or receiving an increase in draw capacity in the FMS. A notification is sent to the school confirming that funds were transmitted or draw capacity was increased. The decision of whether to receive funds via ACH/FedWire or by an increase of draw capacity can be changed at any time. The school will not be required to stay with the same method throughout the award year.

Requests for funds that have not been substantiated with records will be held until the school submits records to confirm eligibility for those funds.

The option of receiving funds via ACH/FedWire or by receiving an increase in draw capacity will be available to all schools. This option is not restricted to those schools that meet higher standards.

There are specific business requirements that relate to the accounting function within the COD process. These requirements are in the process of being identified and refined. The initial set of requirements include the following:

- SFA should be able to establish credit limits to schools based on defined criteria. These limits should be established at the beginning of the academic year and recalculated throughout the award year.
- Funds allotted via the credit limit should be available to schools via the Financial Management System (FMS).
- Schools should have the ability to directly access FMS to draw down funds, as appropriate.
- Schools should maintain an available balance.
- Schools that have met or exceeded their available balance should return to the standard payment method (i.e., submit records prior to receiving funds).
- Schools outstanding balance should be adjusted by diminishing the liability on the most mature drawdowns.
- A running balance of funds that have not been accounted for with supporting records should be maintained.
- Notifications should be sent to schools regarding the timeframe in which records need to be submitted.



- The ability to transmit a “call for the unaccounted cash” should be available based on the timeframe for submitting records.
- Schools that continually submit records in a timely manner should receive increases in their authorized draw down level.
- Schools that substantiate high percentages of funds should have their credit limit recalculated.
- Reviews should be conducted to confirm that the amount of funds being requested has been substantiated with records.
- Authorization for a change in funding level should be given for those funds that have been substantiated.
- Schools should have the option of receiving the funds via ACH/FedWire or as an increase in draw capacity in FMS.
- Notifications should be sent to the school confirming that funds were transmitted or draw capacity was increased.

Moving Forward:

FMS interfaces cannot be defined until the COD solution/ alliance partner has been identified. This will include details on the subsidiary ledger processing, as referenced in the Task Order.

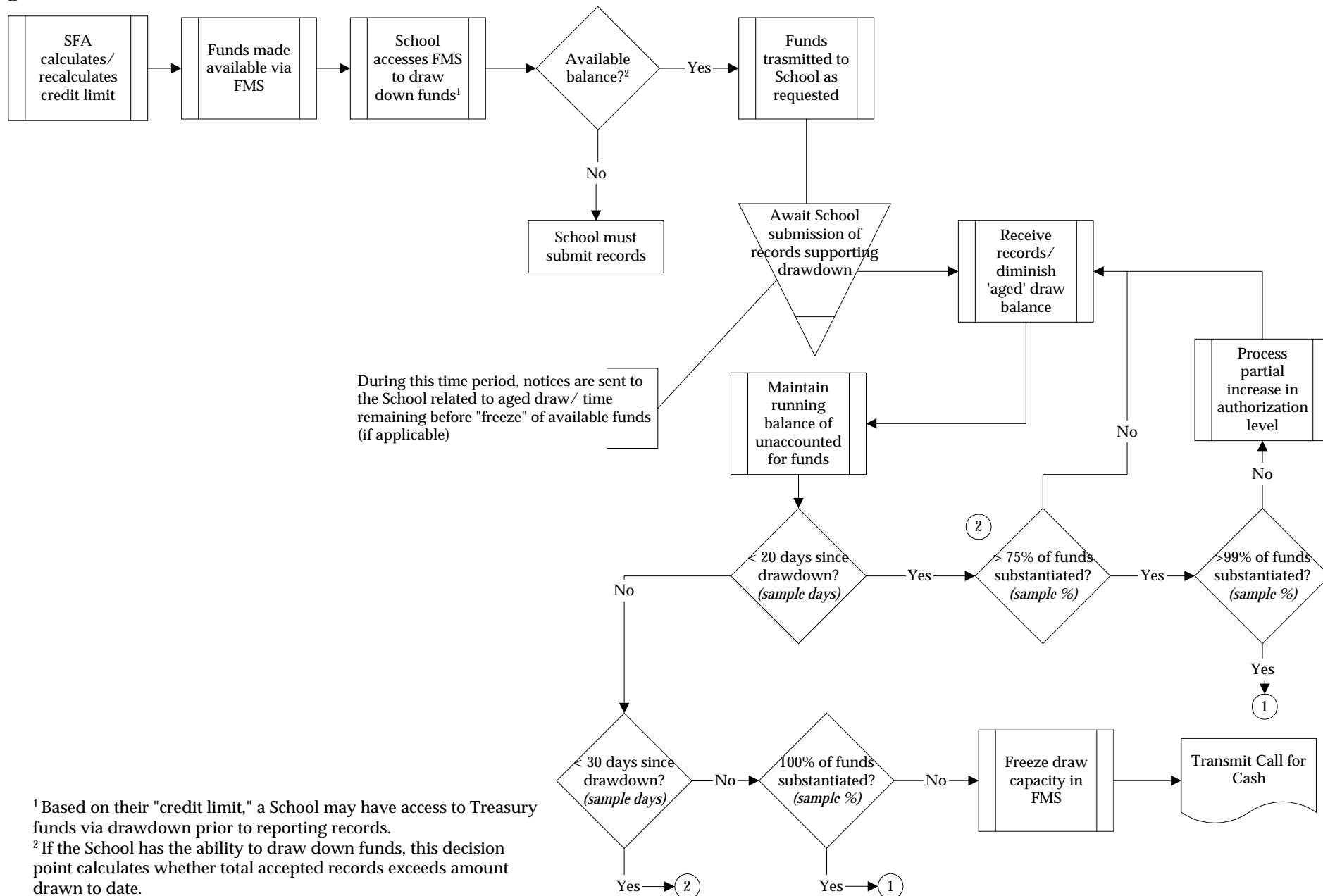
The following flowcharts illustrate the preceding narratives.



Student Financial Assistance Modernization Partner Common Origination and Disbursement

FM FLOWCHART 1

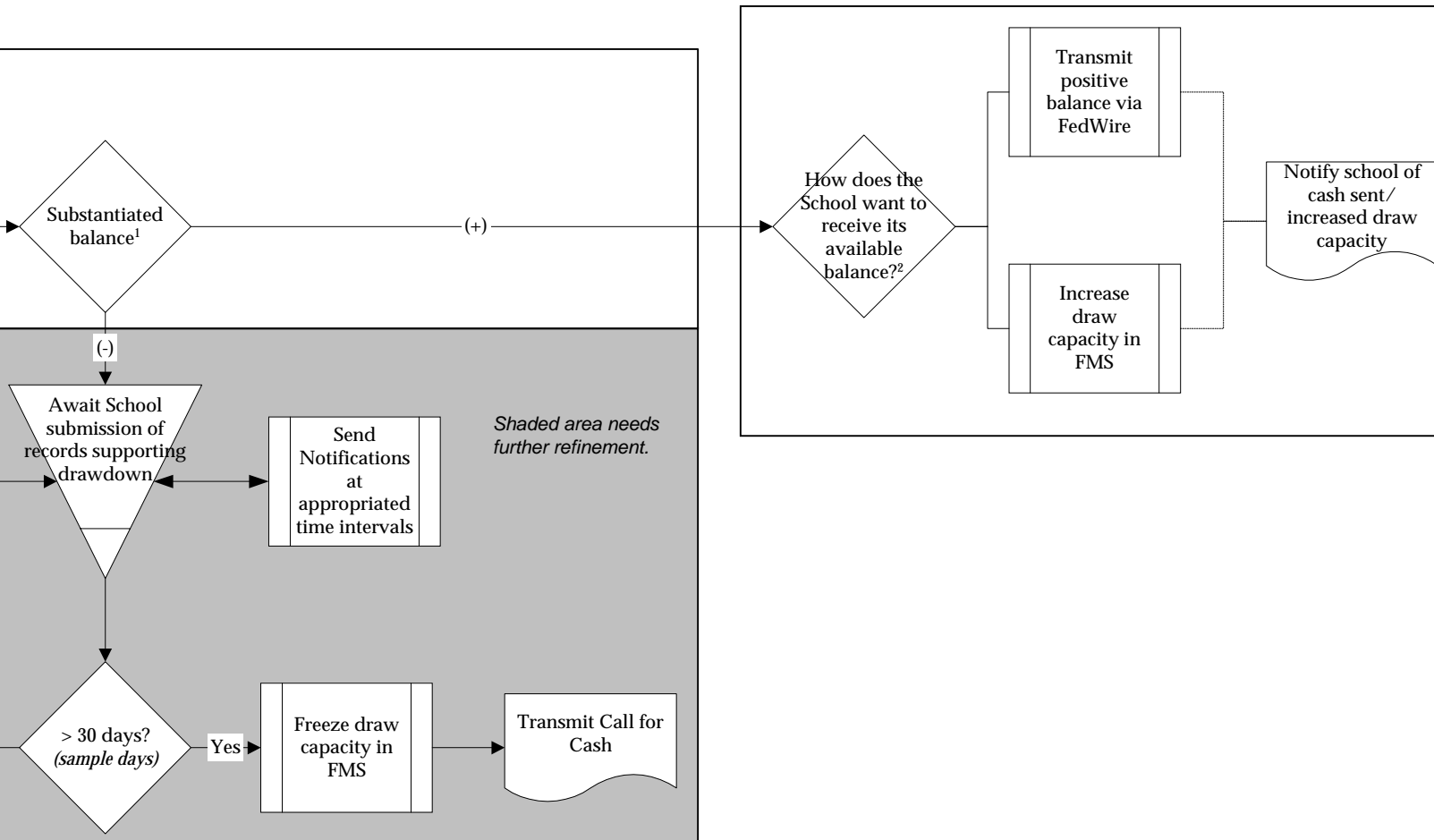
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FM FLOWCHART 2

Student Financial Assistance Modernization Partner Common Origination and Disbursement



a School may have access to Treasury funds via drawdown prior to reporting records. If so, this decision point calculates whether total accepted down to date. $S Received - Accepted Records$ (where downward adjustments decrease balance)

whether they want approved increases to their available balance to be sent directly via FedWire or made available in FMS for immediate nge this option at any time.



5.0 CAMPUS-BASED FUNDING

As in the current process, schools will have the responsibility of tracking students that receive campus based disbursements and the student's disbursed amount. The COD process differs from the current procedure by requiring the submission of student-detail records. However, it affords the school a reduction in the amount of information required for reporting on the FISAP.

The Campus-Based funds payment method begins when the school's initial authorization for campus-based funds is calculated by SFA. The funds are made accessible via the Financial Management System (FMS) and the school is capable of drawing down the money and disbursing it to students. Anytime prior to September 1st following the award year, the school is expected to submit the detailed common records. The records will then go through general edit checks for completeness and proper layout. Acknowledgements are sent back to the schools, indicating records rejected and reject reasons. The accepted records will automatically be included in the school's FISAP information. The school does not need to take any further action with those records.

Rejected records will be put on hold until the school takes further action to correct those records. If no action is taken before September 30th following the award year, those records will not be included in the school's FISAP information. If the school chooses to take action there are several ways it can go about resolving rejected records. Some options include, but are not limited to, submitting an entirely new common record, submitting single corrections via web access, or submitting corrections in mass via web access.

After the school takes the further action, the newly submitted records will be put through the general edit checks. If accepted, the information will be included in the schools' FISAP data. If rejected again, the school will need to again take action to clear this reject.

Moving Forward:

There are many remaining items to be addressed that will impact the detailed requirements of the common process. These are as follows:

- ✓ How annual allocations will be calculated;
- ✓ The data elements needed in the common record for campus-based funds.

Both of these items depend on the strategic direction of the FISAP; eg: whether it remains the same or changes. The specifics related to COD will need to be based upon this future direction of information required for the FISAP and how it is used to calculate annual allocations.



The following are the business requirements for the Campus-Based funding program. These include the requirements for student level reporting, as referenced in the Task Order.

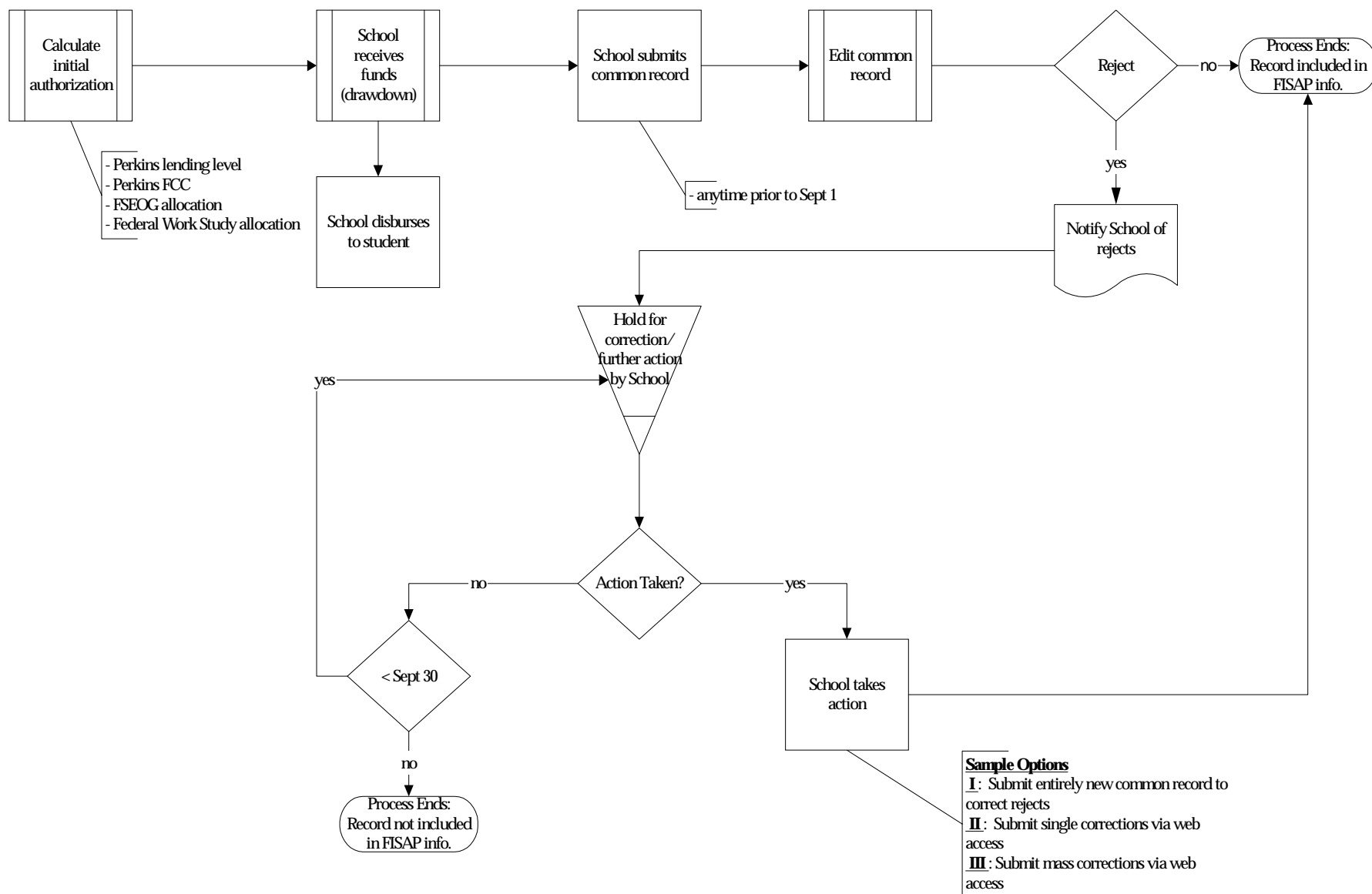
- Student records submitted under the Campus-Based funding program should follow the core business process for COD.
- Schools should track students that receive campus-based disbursements as well as the amounts.
- The school's initial authorization for campus-based funds should be calculated.
- Funds should be made accessible via the Financial Management System (FMS) and the school should be able to draw down the money and disburse it to students.
- Student data from the accepted records should be included in the school's FISAP information.
- Rejected records should be put on hold until the school takes further action to correct those records.
- If no action is taken before September 30th following the award year, records should not be included in the school's FISAP information.

The flowchart illustrating the "To Be" Campus-Based process follows.



Student Financial Assistance Modernization Partner Common Origination and Disbursement

CAMPUS-BASED FLOWCHART

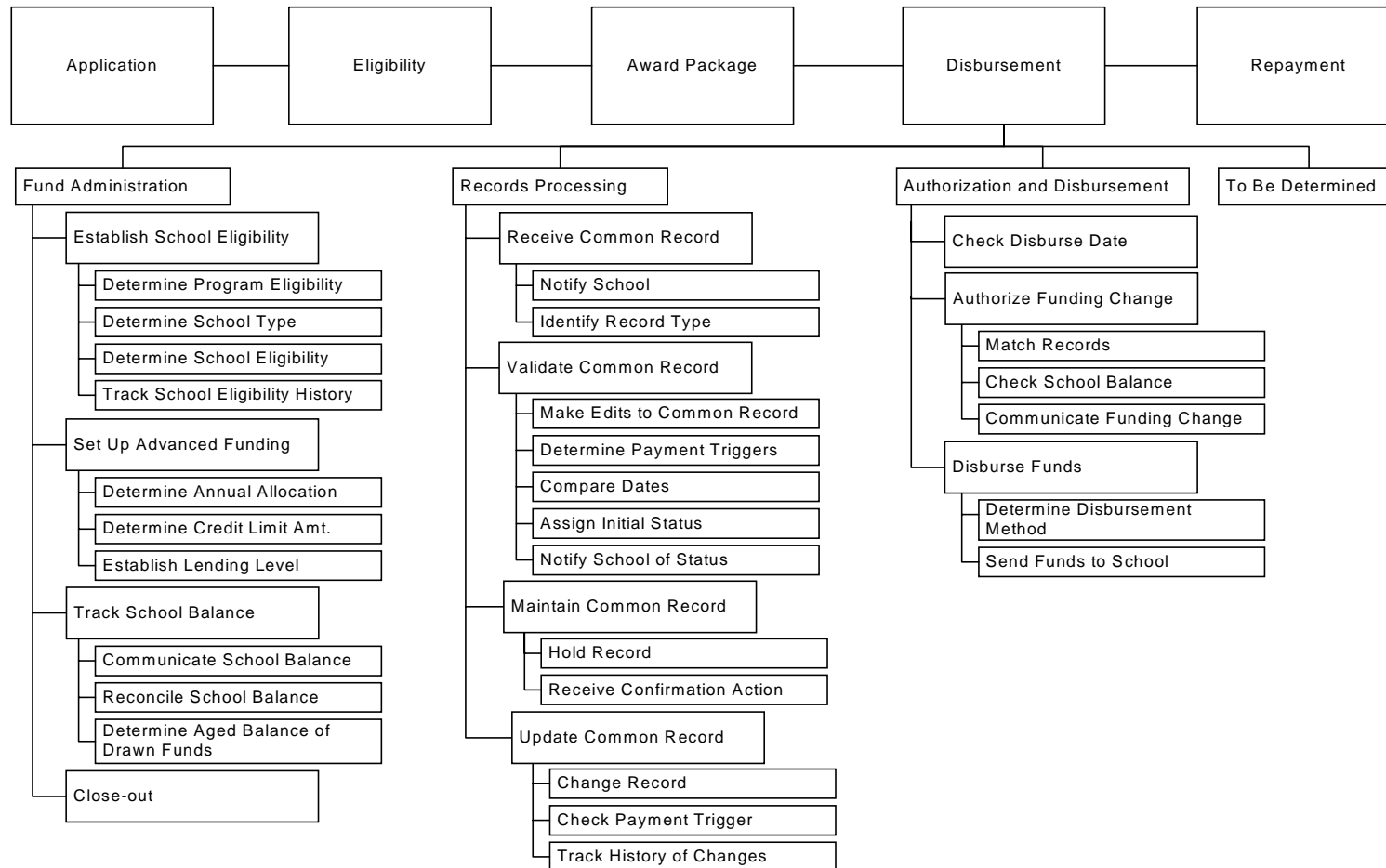




APPENDIX A



High Level Financial Aid Delivery Process Hierarchy
"To Be"



A - 1

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*

Date Updated 8/22/00



Table #1
Functional Decomposition: Disbursement “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|----------------------|-----------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Funds Administration | Managing the SFA Title IV programs by school. | | <ul style="list-style-type: none">• Establish school eligibility by program, (i.e. Pell, Direct Loan, Campus Based) and determine school type, whether it is baseline or has a strong history of reporting and accounting for cash¹.• Set up advanced funding, which includes annual allocation for Campus-Based Funds and credit limit for Direct Loan and Pell Grant funds.• Track schools’ balances on funds they have received versus funds the school has substantiated with records.• Perform a final reconciliation, wherein schools may no longer access funds in that program for that award year. |

¹Classification names subject to change.

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** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Student Financial Assistance Modernization Partner
Common Origination and Disbursement

| Process | Description | Objectives * | Specifications ** |
|--------------------|-----------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Records Processing | Receiving and processing student records by school. | | <ul style="list-style-type: none">• Receive the common record from the school.• Validate the record by performing edit checks and• Send the school a reject notification when appropriate.• Continuously maintain the records. If changes occur before or after disbursement, schools are responsible for submitting those changes.• This common record will include, but is not limited to data elements such as: social security number, payment period, anticipated disbursement date, and disbursement amount.• The common record will be used for Pell Grant funds, Direct Loan funds, and Campus-Based funds. <p><i>Source: Common Origination and</i></p> |

A - 3

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*

Date Updated 8/22/00



Student Financial Assistance Modernization Partner
Common Origination and Disbursement

| Process | Description | Objectives * | Specifications ** |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <i>Disbursement "To Be" Functional Requirements.</i> |
| Authorization and Disbursement | Authorizing and disbursing Title IV funds by program and school. | | <ul style="list-style-type: none">• Check the disbursement date.• Authorize change in funding level.• Send disbursement to FMS. |
| TBD | This additional process step needs further refinement. It is a placeholder for some of the reporting functions performed by SFA as they relate to the COD process. | | |

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** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #2
Functional Decomposition: Fund Administration “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Establish School Eligibility | Determining program eligibility and school type, whether baseline or has a strong history of reporting and accounting for cash. ¹ | | <ul style="list-style-type: none">• Determine eligibility by program.• Determine school type based on set criteria (see list). |
| Set Up Advanced Funding | Determining annual allocation amount for Campus-Based and credit limit for Pell and Direct Loan. | | <ul style="list-style-type: none">• Make funds available by program prior to receipt of detailed record.• Store allocation and credit limit amounts by year. |
| Track School Balance | Monitoring funds disbursed to schools. | | <ul style="list-style-type: none">• Track amount disbursed vs. amount substantiated.• Monitor timeframe of aged draw balance.• Communicate substantiation deadlines to schools. |
| Closeout *needs further refinement | Performing final reconciliation of schools, after which no other transactions may occur in that program for that award year. | | |

¹Classification names subject to change.

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** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #3
Functional Decomposition: Establish School Eligibility “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Determine Program Eligibility | Determining if a school meets criteria for specific award programs. (i.e. Pell, Campus Based, Direct Loans) | | <ul style="list-style-type: none">• |
| Determine School Type *needs further refinement | Determining classification of a school, whether they have a strong reporting history or are baseline. | | <ul style="list-style-type: none">• <i>The criteria to establish these two classes of schools has yet to be determined.</i> |
| Determine School Eligibility | Determining whether a school can participate in Title IV program. | | <ul style="list-style-type: none">• |
| Track School Eligibility History | Monitoring draw down history of a school to determine reporting history. | | |

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** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #4
Functional Decomposition: Set Up Advanced Funding “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|-------------------------------|------------------------------------------------------------------|--------------|-------------------|
| Determine Annual Allocation | Determining Annual Allocation amount for the current award year. | | • |
| Determine Credit Limit Amount | Determining Credit Limit Amount for the current award year. | | • |
| Establish Lending Level | Establishing lending level for Perkins Loans. | | • |

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #5
Functional Decomposition: Track School Balance “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|---------------------------------------|---------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Communicate School Balance | Sending notification to schools communicating their balance. | | <ul style="list-style-type: none">• |
| Reconcile School Balance | Comparing school balance with substantiated records. | | <ul style="list-style-type: none">• |
| Determine Aged Balance of Drawn Funds | Comparing school balance with substantiated records and tracking the draw down amount | | <ul style="list-style-type: none">• The sum of those records is applied to the school’s outstanding balance by first diminishing the liability on the most mature draw downs. |

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #6
Functional Decomposition: Records Processing “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Receive Common Record | Receiving common record from school. | | <ul style="list-style-type: none">• Receive common record via batch, on-line, or manual. |
| Validate Common Record | Verifying the common record to assess school eligibility by project, student eligibility and disbursement process. | | <ul style="list-style-type: none">• Run edits to verify eligibility of school by program.• Edit common record to determine student eligibility by program.• Check payment trigger for disbursement process. (payment trigger yes or no – see flow chart) |
| Maintain Common Record | Assigning status, accepting input from required sources (i.e. schools), and managing records based on disbursement date. | | <ul style="list-style-type: none">• Assign status based on ability to pass through edit check.• Put record on hold based on disbursement date• Execute activities determined by status.• Receive confirmation actions from schools to authorize funds. |

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* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*

Date Updated 8/22/00



Student Financial Assistance Modernization Partner
Common Origination and Disbursement

| Process | Description | Objectives * | Specifications ** |
|----------------------|------------------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Update Common Record | Changing common record based on edit checks and updates to data. | | <ul style="list-style-type: none">• Maintain audit trail of changes to the common record.• Receive changes based on edit checks.• Receive changes based on specific updates to data (i.e. student eligibility).• Check payment trigger for correctness.• Notify schools that have a change to payment trigger. |

A - 10

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*

Date Updated 8/22/00



Table #7

Functional Decomposition: Receive Common Record “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|----------------------|-----------------------------------------------------------|--------------|-------------------|
| Notify School | Notifying the school that the common record was received. | | • |
| Identify Record Type | Identifying if a record is new or changed. | | • |

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #8
Functional Decomposition: Validate Common Record “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|-----------------------------|------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------|
| Make Edits to Common Record | Verifying program specific and common edits. | | <ul style="list-style-type: none">• Dollar amounts for Pell, Guarantee, and Direct Loans. |
| Determine Payment Triggers | Determining if a school will be paid directly. | | <ul style="list-style-type: none">• |
| Compare Dates | Comparing Anticipated Disbursement Date with today’s date. | | <ul style="list-style-type: none">• |
| Assign Initial Status | Assigning status of record either rejected or accepted. | | <ul style="list-style-type: none">• |
| Notify School of Status | Notifying schools of reason for rejected records. | | <ul style="list-style-type: none">• |

* **Objectives** refer to performance measures and goals of Common Origination and Disbursement. *This will continue to be refined as part of subsequent deliverables.*

** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #9
Functional Decomposition: Maintain Common Record “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|-----------------------------|---------------------------------------------------------------------|--------------|-------------------|
| Hold Record | Holding record pending confirmation action taken by school or date. | | • |
| Receive Confirmation Action | Receiving confirmation action by school. | | • |

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** **Specifications** refer to the business requirements of Common Origination and Disbursement. *These will be defined as part of subsequent deliverables.*



Table #10

Functional Decomposition: Update Common Record “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|--------------------------|-----------------------------------------------------|--------------|-------------------|
| Change Record | Incorporating edit changes of the common record. | | • |
| Check Payment Trigger | Verifying if a school qualifies for direct payment. | | • |
| Track History of Changes | Capturing edit changes of the common record. | | • |

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Table #11

Functional Decomposition: Authorization and Disbursement “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|--------------------------------------------|----------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Check Disbursement Date (no decomposition) | Confirming disbursement date is within specified timeframe for authorization of funds. | | <ul style="list-style-type: none">• Edit disbursement date fields to verify compliance.• Compare today’s date with anticipated disbursement date. |
| Authorize Funding Change | Authorizing change to the funding level provided to the school. | | <ul style="list-style-type: none">• Check the amount of funds being requested against the records sent in by schools.• Grant authorization for a change in funding level to those schools whose records substantiate funds.• Hold funding requests for those schools whose funds have not been substantiated until records are sent to confirm eligibility for those funds. |
| Disburse Funds | Releasing funds to school and/or students. | | <ul style="list-style-type: none">• Disburse funds to schools via FedWire or by an increase of draw capacity. This option can be changed at any time. |

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Date Updated 8/22/00



Table #12

Functional Decomposition: Authorize Funding Change “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|----------------------------|--------------------------------------------------------------|--------------|-------------------|
| Match Records | Matching substantiated records with the request for funding. | | • |
| Check School Balance | Checking school balance to determine freeze date. | | • |
| Communicate Funding Change | Communicating funding change to appropriate school. | | • |

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Table #13
Functional Decomposition: Disburse Funds “To Be” Process Hierarchy Descriptions

| Process | Description | Objectives * | Specifications ** |
|-------------------------------|-----------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Determine Disbursement Method | Determining whether school requires disbursement via Fed Wire or ACH. | | <ul style="list-style-type: none">• Disburse funds to schools via Fed Wire or ACH.• This option can be changed at any time. |
| Send Funds to School | Disbursing funds to school directly or via draw down. | | <ul style="list-style-type: none">• Disburse funds to schools directly or via draw down. |

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